



Legislative Research Council

MINUTES

Postsecondary Education Study Committee

Senator Russell Olson, Chair
Representative Tad Perry, Vice Chair

First Meeting
2012 Interim
June 27, 2012

Room 414
State Capitol
Pierre, South Dakota

Wednesday, June 27, 2012

The first meeting of the Postsecondary Education Study Committee was called to order by the Chair, Senator Russell Olson, at 1:00 p.m. (CDT) in Room 414 of the State Capitol, Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Senator Russell Olson, Chair; Representative Tad Perry, Vice Chair; Senators Jim Bradford, Mark Johnston, Al Novstrup, Deb Peters, J.E. 'Jim' Putnam, and Larry Tidemann; and Representatives Dan Dryden, Tom Jones, Mark Kirkeby, Scott Munsterman (via telephone), Jim White, Dean Wink and Susan Wismer.

Staff members present included Clare Charlson, Senior Research Analyst; Annie Mehlhaff, Principal Fiscal Analyst; and Cindy Tryon, Legislative Secretary.

(NOTE: For purpose of continuity, the following minutes are not necessarily in chronological order. Also, all referenced documents distributed at the meeting are attached to the original minutes on file in the Legislative Research Council (LRC). This meeting was web cast live. The archived web cast is available at the LRC web site at <http://legis.state.sd.us> under "Interim Information – Current Interim – Minutes and Agendas.")

Agenda

SENATOR TIDEMANN MOVED, SECONDED BY SENATOR PETERS, TO APPROVE THE AGENDA. The motion prevailed unanimously on a voice vote.

Opening Remarks

Senator Russell Olson, Chair, said he believes that one of the main goals of the committee should be to find ways to graduate more of the students who enroll in the state's postsecondary institutions.

Representative Tad Perry, Vice Chair, said that he hopes the committee can get some focus on this topic and find ways to provide the Board of Regents resources that will help accomplish these goals.

The Chair then asked each of the committee members to introduce themselves.

Each of the presenters at the meeting was asked to respond to the following questions:

- What is the purpose of postsecondary education?
- Why is the state investment in postsecondary institutions important?
- What is the history of funding approaches for South Dakota public postsecondary institutions?
- What outcomes or changes would you like to see as a result of the work of this committee?

Board of Regents

Dr. Kathryn Johnson, President, and **Dr. Jack Warner, Executive Director**, addressed the committee. Dr. Johnson said that the Board of Regents stands squarely behind the objectives of the committee. She said that they are eager to strengthen their efforts in retention and matching degrees to available jobs. She added that they will be happy to provide whatever information the committee may need from them.

Dr. Warner distributed materials – his Power Point presentation (**Document #1**) and the Board of Regents Fact Book Fiscal Year 2012 (**Document #2**). Dr. Warner said that the state not only needs to retain South Dakota students but also needs to import youth from other areas to join the workforce. Where there are shortages in the workforce, the Board of Regents is very interested in ramping up production. Dr. Warner said that a graduate needs particular knowledge and skills to fit into today's workforce.

He pointed out that 70% of South Dakota resident students who graduate from a regental institution remain in South Dakota after graduation.

He said that an important priority must be to grow our research, because there are many benefits to doing more research.

When asked what he would like to see from this committee, Dr. Warner said that the committee should consider base funding budget needs and aligning budget requests with purposes. He would also like to look at rewarding performance.

Senator Deb Peters asked if the placement study numbers include students at the technical institutes or if they include only students at regental institutions. Dr. Warner said that just regental students were included in that survey, and that a national clearinghouse was used to obtain those figures.

Senator Jim Bradford asked about the costs transferred to the students and how South Dakota's amount of increase in those costs compares to surrounding states. Dr. Warner said that the cost shifting is occurring both nationally and regionally, but the amount transferred to our students is higher.

Senator Mark Johnston asked if the Regents have done a breakdown of statistics based on just South Dakota resident students, and if they have numbers comparing resident tuition and non-resident tuition. Dr. Warner responded that among the 6 or 7 states that the state compares itself to, South Dakota used to be 2nd from the bottom in terms of affordability of resident tuition and now we are 2nd from the top.

Dr. Johnson pointed out that much of that information can be found in the Board of Regent's Annual Fact Book (Document #2).

Representative Perry asked about the South Dakota workforce and the growth in the number of graduates we would need to move forward. Dr. Warner said we need to produce 411 more graduates each year to bring the kind of results allowing us to compete globally.

Senator Larry Tidemann pointed out that there has been some exceptional growth in research awards and expenditures. He asked what percentage of the research generates new knowledge to educate the students. Dr. Warner said that the graduate students benefit greatly from the research projects, but also the amount of undergraduate research has greatly increased. Senator Tidemann said that it is a valuable opportunity for a student to work with a researcher, but if there is no new knowledge created, we are not moving forward. Dr. Johnson said that those numbers are available on a national basis, and they would get that information to the committee.

Dr. Johnson added that the federal budget situation will be a challenge from the research perspective, and that they expect a number of grants to be significantly reduced. When asked how they are preparing for that, she said they are starting to look at industry partners and that they need to become more strategic in going after the federal funds. Dr. Warner added that we must make sure our researchers are competitive.

Senator Bradford asked about workforce development and if improving it means having more students coming into South Dakota than South Dakota students going out of state. Dr. Warner responded that this is a needed improvement and in around 2000, the ratio of those coming into South Dakota started to exceed the number of South Dakotans going out of state to attend a postsecondary institution.

Senator Tidemann asked if they have put together some measurable accountabilities regarding system outcomes and if they compare them with other states. Dr. Warner said that they do measure outcomes in comparison with other states.

Representative Perry asked what proportion of graduates must take some form of external licensure exam. Dr. Warner said he did not have that number, but would provide it to the committee.

Postsecondary Technical Institutes

Deb Shephard, President, Lake Area Technical Institute and **Greg Von Wald, President, Mitchell Technical Institute** addressed the committee. They distributed their Power Point presentation (**Document #3**) and the SD Technical Institutes Annual Report 2011 (**Document #4**).

Ms. Shephard gave a brief history of the technical institutes in South Dakota. She pointed out that technical institute graduates get jobs so quickly because there are so many opportunities for them. She talked about the four sources of funding for technical institutes: 1) state

appropriations; 2) tuition/fees; 3) Federal Perkins grants; and 4) other (donations, enterprise funds, grants).

Mr. Von Wald pointed out that the students now have to pick up more of the costs.

The technical institutes would like to see the committee accomplish three things: 1) Take steps to make quality technical education affordable for students; 2) Closely examine the impact a shortage of skilled technical graduates has on South Dakota economy; and 3) Develop strategies to target funding to invest in the training programs which have the biggest impact on various regions of the state.

Representative Jim White asked about the data showing that with the exception of Montana, South Dakota, at fifteen percent, has the lowest percentage of enrollment in 2-year institutions. Dr. Warner said that it is hard to compare that percentage to other states because we do not have a community college system like most states.

Senator Tidemann asked about the new buildings and at what capacity level are the technical institutes. Mr. Von Wald said that Mitchell Technical Institute will be able to increase its enrollment by about 25% once their new building is done. Ms. Shephard said that Lake Area Technical Institute is close to full capacity and that Southeast Technical Institute is at full capacity. They pointed out that a lot of their square footage is used for lab space.

Senator Tidemann then asked about the placement statistics. The report shows that of the 2289 graduates of the technical institutes, they had located 2019 graduates. Of those, 350 graduates were continuing their education, 1581 graduates were employed, and of those, 1348 of them were employed in their field of study. Plus, 1625 of the graduates remained in South Dakota. Senator Tidemann asked who did the survey, and if it would be of benefit to merge this survey with similar surveys from the Board of Regents to have results for all postsecondary graduates.

Ms. Shephard said that the Department of Labor works with them in doing the survey. She said that if there were some way to do the survey with the Board of Regents at no extra cost, they would be willing to do so.

Senator Bradford asked if they had seen an increase in the number of Native American students attending technical institutes. Mr. Von Wald said their numbers are increasing at Mitchell Technical Institute, and the institute also has an outreach program with Sinte Gleske.

Senator Peters asked that an explanation of the funding formula for the technical institutes be distributed to each of the members of the committee along with information on any plans for future funding.

Representative Perry asked what they would think of using a performance driven approach to funding rather than the enrollment driven formula. Ms. Shephard said that they would welcome any formula that would provide more funding to the technical institutes.

Senator Johnston asked how they can improve articulation of the students from the technical institutes into additional coursework. Ms. Shephard said that they all want to improve the

system, and they are meeting to work on it. The current system is very cumbersome and needs to be streamlined. However, the current workforce demand pulls most students to work rather than continuing their education. Mr. Von Wald added that there are too many barriers at this time for a technical institute graduate to go on to an institution of higher education. He also noted that technical education has been squeezed out of the high schools.

SD Department of Education

Dr. Melody Schopp, Secretary, SD Department of Education, addressed the committee. She feels that it is the purpose of postsecondary education to prepare students for gainful employment in fields aligned to the students' interests and abilities. The role of the Department of Education is to help the students identify where the job opportunities are and what their interests are with the intent of making our students college and career ready.

As to why the state investment in postsecondary institutions is important, Dr. Schopp noted that the public benefits are well documented for quality of life as well as for personal benefits. She said the state plays an important role in preparing kids for what's next.

The history of funding is the competition for dollars among K-12, the technical institutes, and the Board of Regents, and primarily between the technical institutes and the Board of Regents.

In answering the fourth question on what outcomes or changes she would like to see from this committee, Dr. Schopp said that she would like to see a true understanding of the funding mechanisms to determine if changes are necessary. She would like to see a standardized data reporting system for both inputs and outputs where the results are based on the same data factors. She said we need to support policy and practices in which K-12 prepares the student to move on through:

- College readiness benchmarks in high school;
- Using ACT scores to better prepare high school students for college classes;
- Aligning assessments to relate to postsecondary success; and
- Developing reporting mechanisms in the K-12 system to trace the progress of students.

Senator J.E. "Jim" Putnam asked Dr. Schopp if there are a couple of pieces of data she believes would be helpful to the legislature. She said they need common data as to what completion really means as far as tracking the number of students to completion. She said that placement rates are based on different indicators and those need to be standardized. She said they are currently looking for ways to track a student all the way to a successful career.

Senator Tidemann said that he likes the idea of using those assessment tools to prepare the students for additional education or careers, and that just passing them on gives them a false sense of security. He said we need to insure our graduates are prepared when they walk across the stage.

Representative Tom Jones added that it appears there is a communication gap between K-12 and higher education and that they're all trying to say the same thing but in different ways. It would be beneficial for everyone to have the information standardized.

Dr. Schopp said that she would come up with short and long term plans regarding these issues and share those plans with the committee.

Committee Discussion

Chair Olson asked for committee discussion on plans for future meetings.

Senator Putnam said that the idea of seamless education has been around forever and if someone has ideas on how seamless education can really work, we should hear from them. The federal government is looking at cutting funding so this is a good time to learn more about it.

Representative White added that the common denominator of evaluation carries forward through secondary education and that may be a key factor.

Representative Perry pointed out that the SD Legislature is a member of several commissions such as the Midwestern Higher Education Compact and the Western Interstate Commission for Higher Education and they are both working on these issues. It may be beneficial to have them speak to the committee at a future meeting.

Senator Johnston said that the Education Commission of the States just issued a paper on defining college readiness which addresses many of these issues. They may also be a resource we can use.

Representative Susan Wismer said that she would like to have the committee look more closely at the performance funding issue, as well as the duplication of higher education programs.

Chair Olson said that he would like to see the committee tour some of the campuses during future meetings, and that he would be requesting permission from the Executive Board of the Legislative Research Council to have at least one additional meeting beyond the three meetings that an interim committee is typically allowed.

Senator Al Novstrup said that graduates need to have jobs. The biggest failure of education is producing graduates for jobs that do not exist. The Department of Labor and the Governor's Office of Economic Development both need to be invited to participate.

Chair Olson said that asking today's participants to answer the four questions was meant to stimulate conversation and learn what they all have in common. The committee can use that information as members listen to the experts. He said that he anticipates the next meeting to be background and information gathering, and then the committee will be better equipped to make decisions. He indicated that he would like to hold the committee's next meeting during the week of August 20, 2012, and that he would notify the committee of the meeting date and location as soon as it is set.

Adjourn

SENATOR JOHNSTON MOVED, SECONDED BY REPRESENTATIVE PERRY, TO ADJOURN. The motion prevailed unanimously on a voice vote.

The committee adjourned at 4:15 p.m.



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